By Ian Martin

Ferrous

OECD: international trade 'far from free'

The proliferation of scrap export restrictions has become 'alarming', according to BIR Ferrous Division President Christian Rubach. Thanks to a valuable contribution from an OECD expert, the issue shared centre stage at the divisional meeting in Rome alongside a detailed analysis of market trends and developments around the world.

At BIR's 2011 Autumn Convention in Munich, Ferrous Division President Christian Rubach of TSR Recycling reported 2009 figures from the Organisation for Economic Co-operation and Development (OECD) indicating more than 1700 instances of export control measures in the metals and minerals sectors. Fast forward to the 2012 Spring Convention in Rome and an OECD spokesperson provided statistics focused even more sharply on scrap.

Headlining one of her slides with the words 'International trade far from free', Barbara Fliess - Senior Economist in the OECD's Trade and Agriculture Directorate - suggested that some 19% of the world's iron and steel scrap exports in value terms could be said to be subject to restriction of some sort. This figure compares to 14% for copper scrap and 4% for aluminium scrap.

Although the data-gathering process remains on-going, OECD researchers have already identified 30 countries which impose restrictions of some description - be they bans, taxes, licensing requirements or others - on exports of iron and steel scrap. 'If governments try to control exports of scrap, they tend to use heavy measures - mostly either to safeguard domestic supply or to control illegal exports,' she told delegates. 'The ideal situation would be free trade in most circumstances.'

Information on restrictions is 'quite fragmented', she added, and so the OECD is attempting to record what is being implemented and the reasons why; the organisation also wants to examine possible alternatives to the restrictions as well as their effects on trade.

Ban overturned

On a positive note regarding such restrictions, Andrey Moiseenko of Ukrmet Ltd in the Ukraine reported that Russia's Supreme Arbitrage Court has revoked a controversial government ban introduced in February this year on scrap exports from any of the country's Far East ports other than Magadan. A number of companies had challenged the ban through the courts.

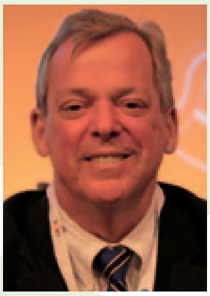
In the Ukraine, meanwhile, on-going and projected mill investments will create a demand for around 4 million tonnes of steel scrap per year but 'this quantity is simply not available', the speaker maintained.

Reporting on market conditions in India, Zain Nathani of the Nathani Group of Companies predicted 'flat' scrap imports going forward, partly because of increased domestic ship-breaking activity. He also underlined the massive impact of the rupee's 18% devaluation against the US dollar since BIR's Munich Convention last October. 'It has been hard for importers to take,' he said.

Hisatoshi Kojo of Metz Corporation indicated that Japa-

Tom Bird, President of the European Ferrous Recovery and Recycling Federation (EFR).

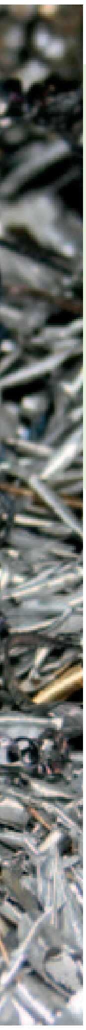
Ferrous Division President Christian Rubach.



Blake Kelley of Sims Metal Management.

Guest speaker Barbara Fliess, Senior Economist in the OECD's Trade and Agriculture Directorate.

Andrey Moiseenko of Ukrmet Ltd in the Ukraine.



nese H-2 grade scrap prices are likely to remain range-bound between Yen 29 000 and 30 000 per tonne (US$ 362.50-375) on a fob basis for the next couple of months 'unless there is a big movement in the exchange rate of the US dollar versus the Japanese yen and Greece withdraws from the Euro'.

Sentiment 'so important'

In his report on the Pacific Rim market, Blake Kelley of Sims Metal Management said that disruptions to normal scrap flows to Indonesia have led to a sharp increase in domestic scrap prices. And based on latest World Steel Association stats, the speaker noted that the world was on course to produce 21 million tonnes more steel and 26 million tonnes more iron this year compared to 2011, whereas apparent consumption of purchased scrap is in line to fall by 5 million tonnes. Although the early months of 2012 have been 'challenging', there are still positives to be drawn from the market - including 'strong' demand for scrap out of Europe and capacity expansions to come on stream in the key consuming market of Turkey, pointed out Tom Bird of UK-based Van Dalen Recycling in his assessment of conditions in Europe. But he added: 'Sentiment is so important and the on-going Euro crisis and its resolution will play an important part.' In his role as President of the European Ferrous Recovery and Recycling Federation (EFR), Mr Bird welcomed the publication of criteria to exclude some scrap products from the waste stream, although he also acknowledged 'administrative obstacles' surrounding end-of-waste and differing implementation of the regulations in different countries. 'This needs to be addressed,' he insisted.

'Ample scrap'

Mr Bird was also prominent during a Ferrous Division panel discussion in Rome, describing efforts to limit scrap exports as 'very dangerous' and unnecessary. There is 'a lot of misinformation out there' about exports, he insisted. 'There is ample scrap in Europe for domestic steelmakers.' He anticipated 'difficult' market conditions in the coming months - but 'the long-term prognosis is better', he said. According to William Schmiedel, President of Sims Global Trade at Sims Metal Management Ltd in the USA, the scrap market is enduring a 'slow' period and sentiment is 'down'; however, he also foresaw that 'Turkey will have to have a flurry of buying'. □

2011 - a record year for scrap use

Rolf Willeke, statistical advisor to the BIR Ferrous Division presented the third edition of 'World Steel Recycling in Figures'.

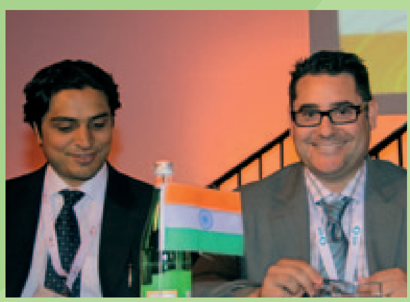
As part of its on-going bid to collate reliable statistics relating to its sector, the BIR Ferrous Division used its meeting in Rome to launch the third edition of 'World Steel Recycling in Figures'. And divisional Statistics Advisor Rolf Willeke drew particular attention to two records achieved in 2011: global steel scrap use as a raw material for steelmaking increased to around 570 million tonnes (+7.6% compared to 2010); and steel scrap purchases by steelworks worldwide climbed to 370 million tonnes (+8.8%).

Other highlights of the document include the fact that scrap contributed 90.3% of the material used in Turkish steel production last year compared to a world average of 37.7%. The 11.8% increase in Turkey's overseas purchases of scrap to 21.46 million tonnes enabled the country to reinforce its position as the world's leading importer.

After recording a drop in 2010, America's scrap exports jumped 18.6% to 24.373 million tonnes in 2011: the biggest buyers were Turkey (+29.2% to 5.624 million tonnes), China (+31.5% to 4.226 million tonnes), Taiwan (+25.6% to 3.54 million tonnes) and the Republic of Korea (+4.8% to 2.964 million tonnes). The USA maintained its position as the world's leading exporter of steel scrap with support from exchange rate movements, the document notes. Appropriately for a meeting held in Rome, Mr Willeke identified Italy as Europe's largest consumer of steel scrap. The Ferrous Division's Statistics Advisor closed his presentation by saying: 'Market developments in 2011 highlight the important role of high-quality recycled scrap to the raw materials supply of the iron and steel industry worldwide and underline the need for a free raw materials market.'

Move towards enclosed shredders?

At a BIR Shredder Committee meeting devoted to emission abatement, a gradual trend towards enclosed shredders was predicted by US-based Jim Schwartz of Metso Lindemann because of the particulate/noise emission and safety benefits. In terms of latest installations, Tim Christian of Danieli Lynxs in the UK spoke of a new customer installation - scheduled for this summer - involving total housing of the operation inside a building with only a single point of discharge to atmosphere for all process air. And Herbert Zimmermann of Keller Lufttechnik in Germany spoke about emission reduction systems scheduled to be retrofitted to shredders in the coming months that will be capable, he claimed, of reducing fine dust to below 0.5 mg/m3 and of cutting emissions of polychlorinated biphenyls by up to 99%. At the same meeting, industry veteran Scott Newell of The Shredder Company in the USA told delegates: 'Modern shredding plants are not operating as efficiently as they can if they do not have a computer control system. The use of a Smart Water System will minimise problems with explosion and will provide the most advanced emission controls at this time with minimum investment that will do the job.'



Zain Nathani of the Nathani Group of Companies (left) and Greg Schnitzer of US-based Schnitzer Steel Industries.

Hisatoshi Kojo of Metz Corporation in Japan (left) and William Schmiedel, President of Sims Global Trade at Sims Metal Management in the USA.